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Investment Plan

Introduction

The Idaho National Engineering and Environmental Laboratory Employee Investment Plan (the “Plan”) provides you with an opportunity to enhance your personal financial security. The primary purpose of the Plan is to assist you in accumulating funds that you can apply toward reaching your long-range financial goals, including supplementing your pension with additional income at retirement.

The Company will match a portion of your contributions to the Plan. The portion of your account allocable to your before-tax contributions, Company match contributions, and investment earnings (on all funds) accumulates on a tax-sheltered basis. Assets of the Plan are held in a Trust.

Your funds will continue to accumulate and, at retirement, can provide you with additional financial security. If you should be faced with an earlier financial need, a portion of the funds that you have accumulated in the Plan can be made available to you to meet this need.

The term “Company” as used in this Summary refers to Bechtel BWXT Idaho, LLC.

The term “Committee” used throughout this Summary refers to the INEEL Employee Retirement and Investment Plans Committee.

This Summary describes the terms of the Plan as of October 1, 1999. Although the Plan Administrator intends to advise you when your benefits may be affected by a Plan amendment and/or changes in the law, it is possible that this Summary may not at all times reflect all recent changes to the Plan or applicable provisions of recently enacted laws. If at any time there is a discrepancy between the terms of the Plan document and this Summary, the Plan document will govern. Of course, the Plan must always comply with applicable laws.

Highlights of the Plan

Recordkeeping and Administration. The record keeping and administration services for the INEEL Employee Investment Plan are provided by The Vanguard Group.

Joining the Plan. Participation in the Plan is entirely voluntary. Regular full-time employees are eligible to participate on the first of the month following their date of hire. Part-time and temporary employees are eligible after completing 1,000 hours of service within an eligibility year. Eligible employees may enroll in the Investment Plan by calling Vanguard at 1-800-523-1188.

Employee and Company Contributions. You may contribute from 1% to 15% of your earnings (as defined in the Plan document and summarized below in *Employee Contributions*:

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Definition of Earnings) through payroll deductions. Your contributions may be made all on a before-tax basis or all on an after-tax basis, or you may designate part of your contributions as before-tax and part as after-tax. The amount you contribute may not exceed the annual maximum dollar limit established and adjusted annually by the Internal Revenue Service (IRS).

After you have completed one year of service, your subsequent contributions up to 8% of your earnings will be matched in cash by the Company at the rate of 60%. Additional amounts that you contribute up to 7% of your earnings (for a maximum total contribution of 15%), will not be matched by the Company. Some highly paid employees may not be allowed to contribute the maximum 15% at all times during a Plan year due to limitations under federal tax law.

You may roll over into the Plan all or part of an eligible distribution from another employer's tax-qualified plan. A rollover contribution will not be matched by the Company.

Vesting in Company Contributions. Your right to Company contributions is based on your years of service with the Company. The table below indicates when you will become vested in (or entitled to receive) your Company match money:

Completed Cumulative Years of Service	Percentage of Company Match to Which You are Entitled
Less than 2	0%
2 but less than 3	25%
3 but less than 4	50%
4 but less than 5	75%
5 or more	100%

In addition, you will automatically become 100% vested in the Company match (regardless of your years of service) if:

- You are a Company employee on or after your 65th birthday, You die or become permanently disabled while a Company employee,
- You retire under the terms of the current INEEL Employee Retirement Plan, or
- You are laid off for at least four consecutive weeks as the result of a Company-initiated reduction in force that is designated in writing as a reduction in force that will result in such vesting.

Plan Investments. Your contributions and the Company's matching contributions are invested as you specify. Investment options include the following funds:

- Vanguard Prime Money Market Fund*

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- INEEL Stable Value Fund
- Vanguard Total Bond Market Index Fund
- Vanguard 500 Index Fund**
- Vanguard Windsor II Fund
- Vanguard Morgan Growth Fund
- Vanguard PRIMECAP Fund
- Vanguard International Growth Fund
- Lockheed Martin Stock Fund***

* Please note that an investment in a money market fund is neither insured nor guaranteed by the U.S. government, and there is no assurance that the fund will be able to maintain a stable net asset value of \$1 per share.

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*** The Lockheed Martin Stock Fund is closed to new contributions.

Plan Loans and Withdrawals. Subject to certain limitations described in the Plan, you may borrow a portion of your vested account balance in the Plan. In addition, you may make withdrawals from your vested account balance under certain circumstances while you are a Company employee.

Benefit Distributions. When you separate from the service of the Company for any reason, you normally will be entitled to receive a distribution of your vested interest in your account under the Plan. Withdrawal forms to request Investment Plan distributions may be obtained from Vanguard by calling 1-800-523-1188.

Tax Advantages. The Plan offers special tax advantages for Company contributions, your before-tax contributions, and the investment earnings credited to your account. In sections of this Handbook there are discussions of the taxability of the payment of your interest in the Plan under federal tax rules. These discussions are for informational purposes only and are not intended to constitute tax advice. Also, state income tax laws may differ from federal laws. You should always consult your own tax professional for advice on the taxability of any distribution to you from the Plan.

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Plan Benefits at a Glance. The table below provides a summary of key Plan provisions.

What	When	How
Joining the Plan	Regular full-time employees – The first day of the month following hire date. Part-time and temporary employees – The first day of the month following an eligibility year in which you complete one year of service.	By calling Vanguard at 1-800-523-1188. If your enrollment is made on or before the 15th day of the month, your participation in the Plan will become effective with the first paycheck of the following month. Otherwise, your participation will be delayed until the second paycheck of the following month.
Making a rollover contribution	When you are eligible to participate and have enrolled in the plan.	By making application on a form obtained from Vanguard.
Changing how much you contribute	As frequently as every two weeks. All or a portion of your contributions can be made on a before-tax-basis, subject to the annual dollar limit. Certain highly paid employees may be limited by federal law at some time during the Plan year to less than 15% in contributions.	By calling Vanguard at 1-800-523-1188. Changes requested on or before the fifteenth of the month will become effective the first paycheck of the following month. Changes requested after the fifteenth of the month will be effective the second paycheck of the following month.
Suspending your contributions	As frequently as you wish for a minimum period of 1 pay period.	By calling Vanguard at 1-800-523-1188. Suspension transactions requested on or before the fifteenth of the month will become effective the first paycheck of the following month. Changes requested after the fifteenth of the month will be effective the second paycheck of the following month.
Terminating your suspension	Any time after your suspension has been in effect for at least 1 pay period.	By calling Vanguard at 1-800-523-1188. Suspension transactions requested on or before the fifteenth of the month will become effective the first paycheck of the following month. Changes requested after the fifteenth of the month will be effective the second paycheck of the following month. Changing your contribution amount or investment fund choices <u>does not</u> reinstate contributions after a suspension.

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What	When	How
Changing your investment fund choices	As frequently as every two weeks	By calling Vanguard at 1-800-523-1188. Changes requested by 2:00 p.m. (Idaho time) the Thursday before a payday will be effective with that payday.
Exchanging balances between funds	Daily.	By calling Vanguard at 1-800-523-1188. Exchanges requested by 2:00 p.m. (Idaho time) will be processed effective the end of the day requested. Exchanges requested after 2:00 p.m. (Idaho time) will be processed effective the end of the following day.
Withdrawing your rollover contributions, after-tax contributions, vested Company contributions and related earnings	Twice in a Plan Year.	By calling Vanguard at 1-800-523-1188. Vanguard will send the appropriate paperwork to complete the withdrawal process.
Withdrawing your before-tax contributions	Twice in a Plan Year, if you have a qualified financial hardship after withdrawing all other funds under the Plan and exhausting all other "ready" cash reserves (including taking a loan from the Plan).	By calling Vanguard at 1-800-523-1188. Vanguard will send the appropriate paperwork to complete the withdrawal process.
Taking a loan from your account	As needed for personal reasons or to purchase a primary residence, except that only one loan may be outstanding at a time.	By calling Vanguard at 1-800-523-1188.
Receiving your vested account balance at retirement, disability, or termination	<p>In a lump-sum when you retire, become disabled, or terminate for any reason.</p> <p>You may elect immediate payment or you may elect to defer payment, but not beyond December 31 of the year in which you become age 70 1/2.</p> <p>Upon retirement on or after age 55, you may elect to receive your vested account balance in installment payments instead of a lump-sum.</p>	By Calling Vanguard at 1-800-523-1188. Vanguard will send the appropriate paperwork to complete the withdrawal process.
Plan Year	October 1 to September 30	

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Joining the Plan

Eligibility. If you are a regular full-time employee, you will be eligible to join the Plan generally on the first of the month following your date of hire.

If you are a regular part-time or temporary employee, you may join the Plan after one year of service provided that you worked at least 1,000 hours during the year. If you do not work at least 1,000 hours in your first year of employment, but work at least 1,000 hours by the end of any subsequent Plan year, you will earn your year of service for eligibility and may elect to join the Plan at the end of that subsequent year.

In certain cases if you have directly transferred to BBWI from an affiliated company, you will receive years of service credit for your prior employment with the affiliated company. This service will count towards the one year waiting period for Company matching contributions, and also towards your vesting in the Plan.

Once you are eligible to join the Plan, you may do so by calling Vanguard at 1-800-523-1188 and submitting to Vanguard any required paperwork. If your application is received on or before the 15th day of the month, your participation in the Plan will become effective with the first paycheck of the following month. Otherwise, your participation will not become effective until the second paycheck of the following month.

Naming a Beneficiary. When you enroll in the Plan, you will be asked to select a beneficiary—the person who will receive the value of your vested interest in your account in the event of your death. The beneficiary designation form is available from the Benefits Office.

If you are married, your spouse will automatically be your primary beneficiary. If you are married and wish to designate someone other than your spouse as your beneficiary, your spouse must agree in writing by signing the waiver on the beneficiary designation form. Your spouse's signature must be notarized or witnessed by a Plan representative. It is your responsibility to keep your beneficiary information up to date. If you intend to name a beneficiary other than your spouse, it is your responsibility to submit a valid spousal waiver to the Benefits Office.

If you die before your entire vested interest in your account is paid from the Plan and have not designated a beneficiary who survives you, your vested account balance will automatically be paid as provided in the Plan. The Plan currently provides for payment in the following order of priority: (1) to your surviving spouse, (2) to your surviving children, (3) to your surviving parents, (4) to your estate or heirs at law.

Even if you have named a beneficiary to receive benefits under other Company plans, you must still complete a beneficiary designation form for the Plan.

The Company is generally required to follow your properly completed beneficiary designation, so it is important to keep the information current. (Please note, however, that benefits under the Plan must be paid to your surviving spouse if you are married and your spouse has not agreed to

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an alternate beneficiary designation.) You may need to change your beneficiary designation as your circumstances change (for example, if you get married or divorced, if you have children, or if your beneficiary dies). Once you complete the beneficiary designation form, return it to the Benefits Office. It is your responsibility to have a current beneficiary designation on file.

Definition of Regular Full-Time Employee. A regular full-time employee under the Plan is one who is scheduled to work full-time and is so identified on the Company's records.

Employee Contributions

You may elect to contribute 1% to 15% of your earnings (as defined below). You may change the percentage of earnings you contribute as frequently as every two weeks, by calling Vanguard at 1-800-523-1188.

You must allocate your contribution percentage between before-tax contributions and after-tax contributions (as defined below). The maximum amount that you can designate as before-tax contributions and after-tax contributions combined is 15% of your earnings. For example, if you elect to contribute 15% of your earnings to the Plan, 8% could be before-tax and 7% after-tax. Alternatively, you could designate the whole 15% as either before-tax or after-tax contributions.

Some highly paid employees may be limited by federal regulations to less than 15% in before-tax and/or after-tax contributions at any time during the Plan year.

Definition of Earnings. For regular full-time employee, "earnings" means regular base monthly pay and does not include any pay you might receive for severance or termination pay, lump-sum amounts, retroactive pay adjustments, personal leave cash-outs, shift differentials, cost-of-living adjustments, bonuses, other types of premium pay, or any overtime, except as provided by collective bargaining agreements.

For part-time or temporary employees, "earnings" means all of your pay that is subject to income tax withholding, as reported on your W-2 form, other than severance pay, termination pay, or lump-sum payments.

"Earnings" is not reduced for your before-tax contributions for (a) the Investment Plan, (b) your medical, dental, vision, and accidental death and dismemberment coverage, and (c) your flexible spending account(s). Earnings are computed before any deductions you authorize or that are required by law to be withheld. Earnings do not include any payments by the Company on your behalf under any benefit plan.

Monthly Payroll Deductions. Your contributions to the Plan will be made through payroll deductions. The actual deduction amount you will see on your pay stub will reflect the exact percentage of your earnings that you elected to contribute. You may change the amount of your contribution to the Plan as frequently as every two weeks, by calling Vanguard at 1-800-523-1188.

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The Company will send your contributions directly to the Plan Trustee for investment each month.

Federal Tax Law Limitations on Contributions

Annual Dollar Limit on Before-Tax Contributions. In addition to the Plan's 15% employee contribution limitation, federal law limits the amount you may contribute on a before-tax basis to the Plan and all other before-tax savings plans in any calendar year. In 2000 for instance, the before-tax limit is \$10,500. This limit is adjusted each year.

You will be notified if this annual dollar limit affects you. If your contributions exceed this limit, further contributions for the rest of the calendar year will be considered after-tax contributions. Any excess before-tax contributions and earnings (losses) for the previous calendar year must be returned to you by April 15.

Special Limitations for Highly Compensated Employees. The Internal Revenue Code (the "IRC") requires that the tax advantages of before-tax contributions and Company contributions be available to employees at all pay levels. To meet this legal requirement, the Committee may limit the contributions of some highly compensated employees to less than 15% of eligible earnings. "Highly compensated employees" are, in general, employees who earn over a certain amount each year. The amount is set by the IRS and for 2000 is \$85,000.

Any before-tax contributions by, or matching contributions for, a highly compensated employee for any Plan year over the above federal tax law limitations, and any earnings on those contributions, will be distributed to the employee as soon as administratively practicable after the close of a Plan year. However, any matching contributions and earnings that are not vested or are based on excess before-tax contributions that must be distributed to the highly compensated employee will be deducted from the employee's account and applied to reduce current Company contributions.

Limitations on Annual Additions. Under the IRC, the annual additions (described below) to an employee's account during any Plan year cannot exceed the lesser of \$30,000 (adjusted annually) or 25% of the employee's annual compensation. "Annual additions" include the employee's before-tax, after-tax, and matching contributions, but do not include direct rollover contributions.

Any before-tax and after-tax contributions that exceed this limitation, and any earnings on those contributions, will be distributed to the employee as soon as administratively practicable after the close of that Plan year. However, any matching contributions and earnings that were based on excess before-tax contributions will be deducted from the employee's account and applied to reduce current Company contributions.

Before-Tax Contributions vs. After-Tax Contributions. "Before-tax contributions" are contributions that are made to the Plan before income taxes are withheld from your pay. These

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contributions reduce the amount of income that will be used to calculate your taxes, so that you will pay lower current federal and state income taxes. Please note, however, that federal regulations impose certain penalties and reductions for these funds, which are explained elsewhere in this Handbook.

“After-tax contributions” are contributions that are made to the Plan after income taxes have been calculated and withheld from your pay. These contributions have no effect on the current amount of your federal or state income tax.

Because the Plan meets certain requirements imposed by the IRS, you will not pay current income taxes on Company contributions and fund earnings when they are added to your account(s). Instead, you will be allowed to defer taxes on these amounts until you actually receive a payout from your account(s). Thus, money you would otherwise pay in taxes will stay in the Plan to earn more money for you. You should consult your own tax advisor for further guidance regarding taxes.

Rollover Contributions. If you participated in a savings or other tax-favored retirement plan with a previous employer, you may be entitled to roll over the otherwise taxable portion of your account balance in the prior plan into the Investment Plan. This will allow you to avoid paying income taxes on the money at the time it is distributed from your former plan.

While the Company will not match your rollover contributions, these contributions will continue to grow on a tax-deferred basis through your investments in the Plan. You can decide how you want the funds invested when you transfer the money into the Plan.

Since January 1, 1993, employers have been required to follow strict rules regarding the withholding of taxes from eligible rollover distributions and withdrawals paid to employees. To avoid having these taxes withheld, you can ask your former employer or the financial institution now holding your plan funds to roll over the money directly into the Plan. The Plan Administrator has the right to approve any rollovers into the Plan.

There are a few exceptions to the withholding requirements. For more details, see *Withholding of Withdrawals and Distributions*. Be sure to contact Vanguard (1-800-523-1188) to get the proper forms and instructions before attempting to roll over funds from another plan.

Company Contributions

After you have one year of service, the company will match a portion of your contributions to the Investment Plan. For each \$1.00 you contribute to the Plan, up to 8% of your earnings (as defined above in *Employee Contributions: Definition of Earnings*), the Company will contribute \$0.60.

Company contributions are paid to the Plan in cash and are deposited in the Plan funds in the same manner and at the same time as your contributions (as described below in *Plan Investments*).

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Plan Investments

Investment Funds. The Committee is authorized to establish investment funds to provide alternative investment opportunities for the investment of Plan accounts. At present, ten investment funds have been established for investing Plan assets (i.e., your contributions, the Company matching contributions, and the earnings on both). Nine of these funds are available to all BBWI employees:

- Vanguard Prime Money Market Fund*
- INEEL Stable Value Fund
- Vanguard Total Bond Market Index Fund
- Vanguard Asset Allocation Fund
- Vanguard 500 Index Fund**
- Vanguard Windsor II Fund
- Vanguard Morgan Growth Fund
- Vanguard PRIMECAP Fund
- Vanguard International Growth Fund.

* Please note that an investment in a money market fund is neither insured nor guaranteed by the U.S. government, and there is no assurance that the fund will be able to maintain a stable net asset value of \$1 per share.

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The tenth fund option (the Lockheed Martin Stock Fund) is available only to those BBWI employees who had a balance in the fund on October 1, 1999. (Please note that even for these employees the Lockheed Martin Stock Fund is closed to new contributions.)

Money contributed to your Investment Plan account may be invested in a short-term reserve account for short periods, pending investment in the funds you select.

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A brief description of the ten Investment Plan accounts is included below. Additional information on the management, performance or other attributes of the investment funds is available from Vanguard.

Vanguard Money Market Reserves. Vanguard Money Market Reserves—Prime Portfolio seeks the highest level of income consistent with maintaining a stable share price of \$1.

The fund invests in short-term, high-quality money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government, and federal agencies. Its holdings may include certificates of deposit, bank-guaranteed securities, corporate IOUs, and other money market instruments, as well as U.S. Treasury and government agency securities and repurchase agreements on such securities. The average maturity of the fund's holdings will be 90 days or less.

INEEL Stable Value Fund. The INEEL Stable Value Fund seeks to provide relatively stable returns, current income, and preservation of principal. The fund is designed to maintain a stable share value of \$1.

The fund invests in investment contracts issued and backed by financial institutions. It also invests in “alternative” investment contracts backed by high-quality bonds and bond mutual funds owned by the fund. This diversification helps to protect the fund against losses that might be caused with any one issuer.

Vanguard Bond Index Fund. Vanguard Bond Index Fund—Total Bond Market Portfolio seeks a high level of interest income.

The fund attempts to match the performance of the Lehman Brothers Aggregate Bond Index, which is a widely recognized measure of the entire taxable U.S. Bond market. The index consists of more than 5,000 U.S. Treasury, federal agency, mortgage-backed, and high-quality corporate securities, with a total market value exceeding \$4 trillion. Because it is not practical or cost-effective to own every security in the index, the fund invests in a large sample that matches key characteristics of the index (such as market-sector weightings, coupon interest rates, credit quality, and maturity). To boost returns, the fund holds a higher percentage than the index in high-quality, short-term corporate bonds and a lower percentage in short-term Treasury securities.

Vanguard Asset Allocation Fund. Vanguard Asset Allocation Fund seeks long-term growth of capital and income.

The fund invests in common stocks, long-term U.S. Treasury bonds, and money market instruments (cash reserves). The mix, or allocation, of the three types of assets changes from time to time depending on which mix appears to offer the best combination of expected returns and risk. Although the fund normally invests in two or more of the three asset types, it may at

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any time place all of its assets in one type—stocks, bonds, or cash reserves. To accomplish changes in allocations quickly and cost-effectively, the fund may use futures contracts instead of buying and selling individual securities.

Vanguard Index Trust-500 Portfolio. Vanguard Index Trust-500 Portfolio seeks long-term growth of capital and income from dividends.

The fund holds all of the 500 stocks that make up the Standard & Poor's 500 Composite Stock Price Index in proportion to their weighting in the index. The fund attempts to match the performance of the index, a widely recognized benchmark of U.S. stock market performance, and remains fully invested in stocks at all times. Its management does not speculate on the direction of the index. Though the fund seeks to match the index, its performance typically can be expected to fall short by a small percentage representing operating costs.

Vanguard Windsor II Fund. Vanguard/Windsor II seeks long-term growth of capital and income from dividends.

The fund invests in a diversified group of out-of-favor stocks of large-capitalization companies. It is managed by four advisers, each of whom runs its portion of the fund independently. The stocks they select are, as a group, selling at prices below the overall market average compared to their dividend income and future return potential.

Vanguard Morgan Growth Fund. Vanguard/Morgan growth Fund seeks long-term growth of capital.

The fund invests primarily in stocks of large and medium-sized companies that have strong records of growth in sales and earnings or that have performed well during certain market cycles. The fund also invests in stocks of smaller companies that offer good prospects for growth.

Vanguard PRIMECAP Fund. Vanguard/PRIMECAP Fund seeks long-term growth of capital.

The fund invests in stocks of companies with above-average prospects for continued earnings growth, strong industry positions, and skilled management teams. It also may invest in companies with below-average earnings but bright prospects for earnings growth. The fund may not be broadly diversified; at times the fund may invest a large portion of its assets in select industries.

Vanguard International Growth Portfolio. Vanguard International Growth Portfolio seeks long-term growth of capital. Participants in this fund do not own individual shares of Lockheed Martin stock.

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The fund invests in stocks of high-quality, seasoned companies based outside the United States. It includes stocks with records of exceptional growth from more than 15 countries (including Japan, the United Kingdom, the Netherlands, Switzerland, and Germany).

The fund invests 60% to 70% of its assets in companies with sustainable competitive advantages and strong prospects for long-term growth. To supplement these core holdings and boost its allocations to particularly attractive markets, the fund also invests in large stocks in those markets that are expected to have particularly strong near-term returns.

Lockheed Martin Stock Fund (closed to new contributions). The Lockheed Martin Stock Fund seeks to provide long-term growth of capital

The fund invests in Lockheed Martin Corporation stock to provide investors the possibility of long-term growth through increases in the value of the stock and the reinvestment of its dividends. A small portion of the fund may also be invested in cash reserves—such as money market instruments—to help accommodate daily transactions.

Information about the risk associated with investment in these funds is available from Vanguard. Full prospectus information may be obtained by calling Vanguard at 1-800-523-1188.

Administrative Expenses

All external administrative expenses are funded from Plan assets and earnings.

ERISA 404(c) Qualification

The Plan is intended to allow you to control the investment of your accounts to the extent required to be an “ERISA 404(c) Plan.” If an investment plan satisfies the requirements to be an “ERISA 404(c) Plan,” its fiduciaries may be relieved of liability for any losses that are the direct and necessary result of participants’ investment choices. Accordingly, neither the Company nor the Committee guarantees the performance of the Plan investment funds, and neither is liable for any losses you may experience due to investment performance.

Keep in mind that all investments carry some risk and there is a relationship between risk and reward. Neither the Company nor the Committee endorses any particular investment or investment mix, and no representative of the Company or of the Plan is authorized to advise you regarding investments. It is your responsibility to decide how your accounts should be invested. If you need help in making investment decisions, please consult your investment advisor.

Past Performance of Investment Funds

Information regarding the past performance of the various Investment Plan funds may be obtained by calling Vanguard at 1-800-523-1188. However, this past performance data should

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be used only for informational purposes. You should not rely on past performance to predict the future performance of any of the funds.

Investment Choices

You may direct the investment of your contributions to the funds in 1% increments. These investment choices will also apply to your share of the Company contributions.

If you do not designate how you want your contributions invested, the processing of your request will be delayed until Vanguard can determine which Plan funds you prefer.

Changing Your Investment Choices. You may change your investment choices for future contributions as frequently as every two weeks by calling Vanguard at 1-800-523-1188. You can use the automated telephone response system or speak with a Vanguard Associate. You can also make changes to your account by using Vanguard's website at www.Vanguard.com. Changes requested by 2:00 p.m. the Thursday before a payday will be effective with that payday.

Moving the Money in Your Account

You may move money between Plan funds by exchanging your account balances. Exchanges may be made on a daily basis either as a dollar amount or as a percentage of the account balance in the fund from which the exchange is made. Remember, however, that you may not make any exchange into the Lockheed Martin Stock Fund.

Movement of money between funds may be accomplished by calling Vanguard at 1-800-523-1188. You can use the automated telephone response system or speak with a Vanguard Associate. You can also make changes to your account by using Vanguard's web site at www.Vanguard.com. Exchanges requested by 2:00 p.m. (Idaho time) will be processed effective the end of the day requested. Exchanges requested after 2:00 p.m. (Idaho time) will be processed effective the end of the following day.

Proxy Voting

Except for the Lockheed Martin Stock Fund, the investment manager for each fund will decide how to exercise any voting rights appurtenant to stock held in that particular fund. With respect to the Lockheed Martin Stock Fund, you may direct the Plan Trustee how to vote a pro rata share of the Lockheed Martin Common Stock held in that fund corresponding to your interest in the fund.

Account Valuation and Statements

The value of your account will be computed on a daily basis and may be obtained by calling Vanguard at 1-800-523-1188. Each quarter, you will receive a written statement of the value of your account.

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Investment fund values may be obtained at any time by calling Vanguard.

Vesting in Company Contributions

You are always vested in (i.e., you always own) the value of your own contributions to the Plan. Your right to Company contributions generally is based on your “cumulative years of service” with the Company. See *Definition of Cumulative Years of Service*. Your recognized service date for Investment Plan vesting is used to determine your years of service for the Plan.

The table below indicates when you will become vested in (or entitled to receive) your Company match money:

Cumulative Years of Service	Percentage of Company Match to Which You Are Entitled
Less than 2	0%
2 but less than 3	25%
3 but less than 4	50%
4 but less than 5	75%
5 or more	100%

In addition, you will automatically become 100% vested in the Company match (regardless of your years of service) if you are a Company employee on or after your 65th birthday or if you die or become permanently disabled while a Company employee. The full value of your contributions and your share of Company contributions is payable to your beneficiaries upon your death.

You will also automatically become 100% vested in the Company match if you retire under the terms of the current INEEL Employees Retirement Plan (or any subsequent qualified defined benefit Retirement Plan of the Company) or if you are laid off for at least four consecutive weeks as a result of a Company-initiated reduction in force that is designated in writing as a reduction in force that will result in such vesting.

Definition of Cumulative Years of Service. “Cumulative years of service” include all periods of service as a regular full-time employee, part-time employee or temporary employee with a Company that has adopted the Plan, subject to the Plan’s break in service rules. See *Break in Service Rules*.

Your cumulative years of service are measured from your date of employment. If your employment terminates and you are rehired after at least a one-year period of severance, you will have a break in service and your cumulative service after reemployment will be measured from

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your adjusted reemployment date. If your employment terminates and you are rehired after less than a one-year period of severance, your cumulative service will be measured from your original employment date.

If your service for BBWI is immediately preceded or followed by service for a related entity and is the result of a direct transfer (e.g., there is no intervening termination of employment), you may also be eligible to receive cumulative service credit for the period of employment with the related entity.

Break in Service Rules. You will not earn cumulative service credit during any break in service. For purposes of the Plan, a “break in service” is any 12-month period, beginning on your severance date, in which you do not work at least one hour for the Company, or for a related entity following a direct transfer. Your severance date will be either:

- The date you end employment with the Company or related entity
- The first anniversary date of the commencement of any unpaid authorized leave of absence, as defined in the Plan document.

If You Are Rehired After a Break in Service. If you are partially or fully vested when you end employment and are later rehired, your cumulative years of service after your date of rehire will be added to your cumulative years of service before your date of rehire, regardless of the length of your break in service. Additionally, if your break in service is less than five years, any previously forfeited (nonvested) match money will be restored to your Company Matching Contributions Account.

Break in Service rules are technical and governed by provisions of the plan.

Plan Loans

As an alternative to making a withdrawal (See *Withdrawals*), you may take a loan from your Investment Plan account. Unlike a withdrawal, your loan proceeds will not have immediate income tax consequences. Additionally, borrowing from your Investment Plan account will not result in any suspension of the Company match on your regular contributions.

You may take a loan from your Investment Plan account for any reason. In contrast to the rules in effect for withdrawals (See *Withdrawals*), you do not have to experience a hardship situation to borrow from your pre-tax account. If your loan is used to buy your principal residence, your loan repayment period can be as long as 15 years. If your loan is used for any other purpose, it must be repaid within 5 years.

The amount you borrow will be taken proportionately from your pre-tax, after-tax, and rollover Plan accounts. Your proceeds will be reduced by a nominal set-up fee of \$40. Repayment of principal and interest will be made in equal installments through automatic payroll deductions. The interest rate in effect at the time your loan is made will be fixed throughout the period of

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repayment. Both principal and interest payments are credited back to your account, in the same percentages used to allocate your loan proceeds. Loans are secured by your account under the Plan.

Limitations on Loan Amount. The amount you may borrow is subject to the following limitations:

- You may borrow up to \$50,000, reduced by your highest outstanding loan balance during the preceding 12 months.
- The amount of your loan cannot exceed the total of your pre-tax, after-tax, and rollover account balances. You cannot borrow from your Company account (including Company match money and related earnings).
- Your loan cannot be for an amount greater than 50% of the vested portion of your account.
- The least you can borrow is \$1,000.
- You can only have one loan outstanding at a time from the Plan.

Applying for a Loan. You may apply for a loan by calling Vanguard at 1-800-523-1188 and speaking with a Vanguard Associate. (Alternatively, you may access your account via Vanguard's website at www.Vanguard.com.) Vanguard will calculate how much you can borrow and the amount of your monthly payments. When you have decided on the amount you wish to borrow, Vanguard will proceed with processing your loan.

If your loan will be used to purchase a primary residence, Vanguard will send you a loan application form to complete. You will not need to complete a loan application form if your Investment Plan loan proceeds will be used for other purposes.

After any required paperwork is completed and submitted to Vanguard, a check for the loan proceeds will be mailed to you at your home address. The amount you receive will be the approved loan amount less a nominal loan fee equal to \$40.

After you have repaid one loan, you must wait at least 30 days before applying for another loan.

Annual Interest Rate. Once loan proceeds are distributed to you, you will be obligated to pay interest on your declining loan balance at the annual rate shown in your promissory note. The interest rate will remain constant throughout the period of repayment.

The formula used to calculate the interest due for a particular month is as follows:

$$\text{Interest} = \frac{(\text{Loan Balance at Start of Month}) \times (\text{Interest Rate})}{12}$$

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The rate of interest applicable to Plan loans is subject to review and adjustment every calendar quarter and will be announced to all participants.

Repaying Your Loan. The payments of principal and interest on your Investment Plan loan will go directly back into your pre-tax, after-tax, and rollover accounts, in the same percentages used to allocate your original loan proceeds. A loan to buy a primary residence must be repaid in 15 years or less; a loan for any other reason must be repaid in five years or less.

Loan repayments will be made in equal installments through automatic after-tax payroll deductions. If you are not in pay status for any reason (including if you are approved for inactive employee status or short-term disability), you should plan to make cash payments for your loan installments to the Benefits Office. Failure to do so could result in loan default and taxation of the remaining unpaid loan balance, as explained below.

Prepayment. You can prepay a loan anytime after it has been in effect for three months. If your employment ends, you can repay the loan anytime within the 30-day period preceding your termination date. In either case, the loan must be repaid in full in a lump sum. Partial prepayments are not allowed.

If your loan is not repaid in full prior to the termination of your employment, you will be subject to taxation on the remaining outstanding balance.

Loan Default. Your loan will be declared in default under the following circumstances:

- You are an active employee with insufficient earnings to make a loan payment for 13 weeks (unless separate arrangements are made with the Benefits Office for direct payments).
- You are 13 or more weeks behind in your loan payments for any reason. (Normally this will only apply to employees who are making their loan payments directly to the Benefits Office because of a situation that results in their not being in pay status.)
- You file for bankruptcy under the U.S. Bankruptcy Code.

If you default on your loan, your regular contributions to the Plan will be suspended until one year from the date of default or the date you repay your outstanding loan balance in full (including any accrued interest), whichever is later. You will be ineligible to apply for a new loan until 30 days after you have made full repayment of the defaulted loan amount.

Plan Withdrawals

Subject to the following restrictions, you can make withdrawals from some of your accounts in the Plan.

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Employees Who Are 100% Vested. If you are 100% vested in Company contributions, you may withdraw any portion of your funds in the Plan attributable to your after-tax contributions, any rollover contributions and any Company matching contributions. However, if you make more than two withdrawals during a plan year, the third withdrawal must be equal to your entire remaining balance in the Plan (including the Company's matching contributions), except for the amount attributable to your before-tax contributions.

Employees Who Are Not 100% Vested. If you are not 100% vested in Company contributions, once during a Plan year you may withdraw the entire portion of your Plan account that is attributable to your after-tax contributions and rollover contributions.

You may not withdraw any portion of your Company match money until you are fully vested, except in the event that your active employment terminates.

Financial Hardship. If you are under age 59 1/2 and (a) you suffer a financial hardship as defined in the Plan and that meets the requirements of Section 401(k) of the IRC, (b) you have already withdrawn your entire available vested funds in the Plan that are attributable to Company contributions and your after-tax contributions, and (c) you have used other ready cash reserves (including funds available through the loan provisions of the Plan and personal resources), you may withdraw an amount that does not exceed the lesser of the following:

- The value of your account that is attributable to your before-tax contributions or
- The total amount you contributed to the Plan as before-tax contributions.

Under the IRC, a "financial hardship" includes eight specific conditions, as follows:

1. The down payment, closing costs, and other nonreimbursed expenses related to the construction, purchase or major renovation of the primary residence for the employee.
2. Payment of expenses to avoid foreclosure or eviction from a primary residence of the employee.
3. Medical expenses for an employee, or an employee's dependent, child, or spouse, that are not covered by a medical plan.
4. Tuition expenses, educational fees, books, and room and board expenses for the next 12 months of post-secondary education of an employee, or an employee's dependent, child, or spouse.
5. Uninsured expenses directly related to a natural disaster.
6. The need to replace lost wages (net of any other benefits received) due to an absence from the Company for a period of at least four consecutive weeks.

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7. Expenses directly related to institutionalizing an employee, or a dependent, child or spouse of an employee. This does not include expenses for detention centers, jails or prisons.
8. Expenses for the funeral of an immediate family member of an employee. For this purpose, family member includes the participant's parent, spouse, or child (including an adopted child).

Suspension of Company Contributions. Following a withdrawal, Company contributions may stop for a period of time, as follows:

<u>Type of Withdrawal</u>	<u>Length of Suspension of Company Contributions</u>
Nonhardship withdrawal that does not exceed the employee's after-tax account and rollover account balance	3 Months
Nonhardship withdrawal in excess of the employee's after-tax account and rollover account balance	6 Months
Hardship withdrawal of before-tax account (before age 59 1/2)	No Suspension
Nonhardship withdrawal of before-tax account (after age 59 1/2)	No Suspension

The suspension period will generally begin with the paycheck following the date you receive the withdrawal proceeds.

Applying for a Withdrawal. To apply for a withdrawal, call Vanguard at 1-800-523-1188. Vanguard will advise you of the amount you have available for withdrawal and send you the appropriate withdrawal paperwork. Completed forms for nonhardship withdrawals may be submitted directly to Vanguard at P.O. Box 1101, Valley Forge, PA 19482. Completed forms for hardship withdrawals, together with appropriate documentation regarding the type of hardship and the amount required to satisfy same, should be submitted to the Benefits Office (MS 3200). The Benefits Office will consider hardship withdrawal applications on a case-by-case basis in accordance with the terms of the Investment Plan, and forward eligible applications to Vanguard for processing.

Vanguard will process your nonhardship or hardship withdrawal request and mail your withdrawal proceeds (net of applicable taxes) to your home address. Withdrawal values will be based on the value of your Plan account at the end of the day on which your request is processed. Pre-1987 after-tax contributions may be withdrawn without tax consequences. All other withdrawals will result in some tax consequences.

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Funds that you withdraw from the Plan will be taken from your Plan accounts in the following priority:

1. Pre-1987 after-tax contributions
2. Other after-tax contributions and earnings
3. Rollover contributions and earnings
4. Vested Company contributions and earnings
5. Pre-tax contributions, subject to proving hardship if under age 59 1/2.

Depending upon the type of money withdrawn, the company match may be temporarily suspended following a withdrawal. The required period of suspension of Company contributions will generally be effective with the payday following the valuation date of your withdrawal. See *Plan Withdrawals: Suspension of Company Contributions*.

Taxation of Withdrawals and Distributions. The taxable part of your withdrawal or distribution will be subject to normal income taxes and a 10% early payment penalty (except that you may be exempt from the 10% penalty tax as discussed below). You will be subject to ordinary income tax on all taxable amounts. (See below for the tax rules on after-tax contributions.) You may be eligible for special five- or ten-year averaging, which may reduce your tax liability. Additional taxes may apply to large withdrawals or distributions.

Twenty percent of the taxable part of your withdrawal or distribution will generally be withheld automatically for federal income taxes at the time you receive your money. See Withholding Requirements for Withdrawals and Distributions.

Because everyone's financial situation is different and tax laws relating to retirement plans are complex, we urge you to seek professional tax advice concerning your Investment Plan withdrawal or distribution.

Taxation of After-Tax Contribution Withdrawals. Under current law, all of the after-tax contributions you made to the Investment Plan before January 1, 1987 (your "Pre-1987 Basis") may be withdrawn while you are an active employee without paying taxes on the money. If you make a withdrawal of after-tax contributions, your "Pre-1987 Basis" will automatically be withdrawn first.

Withdrawing after-tax contributions made after December 31, 1986 (your "Post-1986 Basis") will generate a tax liability because tax laws require that the distribution include a pro-rata portion of your investment earnings on all after-tax contributions. For these withdrawals, your tax liability will be based on the ratio of your remaining after-tax contributions to the total value of your after-tax account (i.e., contributions plus earnings). In many cases, as described below,

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the IRS will also impose a 10% early withdrawal penalty on the taxable portion of your distribution.

The 10% Early Payment Penalty Tax. When you withdraw money from your vested Investment Plan account balance, except for amounts you contributed as after-tax contributions, your withdrawal will be subject to income taxes. In addition, the IRS may require you to pay a 10% early payment penalty tax on the taxable part of your distribution. You will not be subject to this penalty if:

- You are at least age 55 and receive your vested account balance because you terminated employment
- You are at least age 59 1/2 when you receive the payment, whether or not you are actively employed
- Your vested account balance is paid because of your disability or death
- The withdrawal is used to pay unreimbursed medical expenses that exceed 7 1/2% of your adjusted gross income
- The payment is made to someone else under a qualified domestic relations order
- The distribution is rolled over to an Individual Retirement Account (“IRA”) or another employer’s qualified plan within 60 days. (Please note that proceeds from hardship withdrawals may not be directly rolled over to an IRA.)

Withholding Requirements for Withdrawals and Distributions. Federal income taxes equal to twenty percent will be withheld on almost any taxable balance you receive from the Investment Plan (in a direct payment to you, as opposed to a direct payment to an IRA or other qualified plan), even if you plan to roll over your withdrawal or distribution (which you may do within 60 days) and keep the money tax-sheltered for your retirement. This 20% withholding is intended to be a partial payment of the taxes you will owe on a taxable distribution. It does not include the additional 10% early distribution penalty tax you may be required to pay.

There are several situations where the mandatory 20% withholding does not apply, as follows:

- If you elect a direct rollover of your withdrawal or distribution into an IRA or another employer’s qualified plan (in this case the check will not be issued to you)
- If the amount of your distribution is less than \$200
- If you are 70 1/2 or older and receive only the required minimum distribution from your account

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- If you receive your Plan balance after retirement in “substantially equal” installment payments over at least ten years
- If payments are made to someone other than your spouse.

Following is an example of how these withholding rules work in a situation where you choose to roll over your taxable withdrawal proceeds but do not elect the direct rollover alternative:

You terminate your employment and want a check issued in your name for your taxable Plan balance of \$20,000. Taxes of \$4,000 will be withheld and you will receive a check for \$16,000.

After receiving your check, you decide to roll the distribution proceeds over into your new employer’s retirement Plan. To avoid having the withholding amount treated as a taxable distribution, you will have to come up with the \$4,000 from your personal savings within 60 days and roll over that \$4,000 with the \$16,000 you receive from the Plan. You will then get a credit on your next income tax return for the \$4,000 that was withheld.

Deferring Taxation of Plan Distributions (Rollovers). You may defer part or all of your taxes on the value of your before-tax contributions, vested matching contributions, rollover contributions and any investment earnings on these contributions, as well as on the earnings on your after-tax contributions by initiating a direct rollover of your vested account balance into another employer’s plan or an IRA.

Summary of Plan Withdrawal Rules

The following table summarizes the Plan withdrawals you may make while actively employed, the Plan funds available, and the consequences of each type of withdrawal.

Type of Withdrawal	Plan Funds Available	Restrictions	Consequences
Non-Hardship Withdrawal, 100% Vested	All or part of: <ul style="list-style-type: none"> • After-tax contributions account • Rollover contributions account • Company matching contributions account 	Two per Plan year	Matching contributions are suspended for three months if withdrawal includes only after-tax and rollover contribution accounts; the suspension period is six months if withdrawal includes company matching money. Mandatory 20% federal income tax withholding on taxable portion plus normal taxes. Early distribution penalty taxes (10%) may apply if not age 59 1/2 or older.

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Type of Withdrawal	Plan Funds Available	Restrictions	Consequences
Third Non-Hardship Withdrawal Per Plan Year, 100% Vested	Total of: • After-tax contributions account • Rollover contributions account • Company matching contributions account	Restrictions apply after two prior non-hardship withdrawals (100% vested) in a Plan year.	Matching contributions are suspended for six months. Mandatory 20% federal income tax withholding on taxable portion plus normal taxes. Early distribution penalty taxes may apply if not age 59 1/2 or older.
Non-Hardship Withdrawal: Not 100% Vested	Total of: • After-tax contributions account and/or • Rollover contributions account	One per Plan year	Matching contributions are suspended for three months. Mandatory 20% federal income tax withholding on taxable portion plus normal taxes. Early distribution penalty taxes may apply if not age 59 1/2 or older.
Hardship Withdrawal	All or part of: • Before-tax contributions	Must demonstrate financial hardship. Must satisfy specific hardship reasons. Must first withdraw maximum amount from after-tax and matching contributions accounts. Must have loan from Investment Plan. Twice per Plan year.	No suspension of matching contributions. Mandatory 20% federal income tax withholding on taxable portion plus normal taxes. Early distribution penalty taxes may apply if not age 59 1/2 or older.

Other Distributions

Minimum Distributions at Age 70 1/2. The IRS requires that terminated Plan participants must begin taking distributions from their Investment Plan accounts at age 70 1/2. (Participants who are still employed with the Company at age 70 1/2 are not required to begin taking distributions from the Plan until their employment terminates.) You may have to pay a 50% excise tax if the minimum distribution requirements are not met. The Plan offers you the following options for receiving your money at age 70 1/2 (please note that the plan requires your first distribution to be received by December 31 of the year in which you reach age 70 1/2):

- A lump-sum payment in cash, representing your entire account balance, or
- Annual installment payments to be paid over four years. Under this alternative, you would receive 25% of your account the first year, 33 1/3% of the remaining balance the second year, 50% of the remaining balance the third year, and 100% the fourth year. At any time in this four-year period, you could elect to take the remaining balance in a lump-sum payment.

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- If you retire under the terms of the INEEL Employee Retirement Plan when your employment terminates, you may elect installment payments in fixed dollar or required minimum amounts, or over a fixed period. See *Installment Payments at Retirement Under the INEEL Retirement Plan*.

Contact Vanguard at 1-800-523-1188 for information on minimum distributions. If you are affected by these minimum distribution requirements, you will receive personalized information describing your options before you begin receiving payments. The Company cannot advise you on your personal finances; you should contact a tax adviser before making any decisions relating to your Plan distributions.

Transfer of Employment to an Affiliated Company. If your employment is transferred to an affiliated company, you will not be eligible to elect a distribution of your Plan funds until your employment with the affiliated company or other adopting company terminates.

If you are transferred to an affiliated company, you may participate the same as an active employee except that no additional contributions can be made. Thus, you will be eligible to make withdrawals during such continued employment at the affiliated company (subject to the same rules applicable to other participants) and will continue to direct the investment of your accounts. If you are not 100% vested when you are transferred (and your transfer is a direct transfer), you will receive cumulative years of service credit toward vesting for your employment with the affiliated company.

Payments When You Retire or End Employment Due to Termination, Disability, Layoff or Death. Your contributions and earnings and the vested portion of the Company matching contributions and earnings are payable as follows:

- To you, when you retire or otherwise end employment with the Company and do not transfer to an affiliated company
- To your beneficiary, if you die.

When you leave the Company (if you do not transfer to an affiliated company), you may elect an immediate lump-sum payment of your vested interest in your accounts (usually payable within 30 days of your employment termination date), or you may elect to leave your funds in the Plan until the age of 70 1/2. If you leave your funds in the Plan until age 70 1/2, you may choose between a lump-sum payment of your vested interest at age 70 1/2, or payment in four equal annual installments starting at 70 1/2, or payment in installments over a longer period (if you retired under the terms of the INEEL Employee Retirement Plan when your employment terminated).

The amount of the payment of your vested interest in your accounts will be based on the value of your accounts as of the end of the day on which your payment is made. If you leave your accounts in the Plan, you will continue to direct your investments and your accounts will be revalued in the normal manner until paid from the Plan.

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You will forfeit (i.e., lose) any non-vested Company contributions when your funds are paid to you from the Plan or when you have a five-year break in service, whichever happens first. If you are rehired as an eligible employee before you have a five-year break in service, however, the forfeited amount will be restored to your account if you repay the withdrawn amount in a lump-sum payment within five years from the date you are rehired. Repayment will be made to your after-tax account.

Installment Payments at Retirement Under the INEEL Retirement Plan. If your employment with the Company terminates at or after age 55 due to retirement under the terms of the INEEL Retirement Plan and you have not transferred to an affiliated company, you may choose to receive payment of your account in either a single lump-sum payment, through partial withdrawals (limited to 2 per plan year) or in installment payments (subject to IRS minimum distribution rules affecting participants reaching age 70 1/2). You must begin to make withdrawals from your account (as specified above) after you reach age 70 1/2.

Retirees who are eligible for installment payments may elect payments in fixed dollar or required minimum amounts. Alternatively (subject to required minimum distribution rules), installment payments may be elected on a monthly, quarterly, semiannual or annual basis over any number of years. Additional information regarding installment options for retirees may be obtained by calling Vanguard at 1-800-523-1188.

Payments to a Beneficiary. If you die, the vested value of your account will be paid to your beneficiary(ies) in a lump-sum.

Plan Procedures and Deadlines

All Investment Plan transactions are processed by Vanguard. You can call Vanguard at 1-800-523-1188 to request any of the following transactions relative to your Investment Plan Account:

- Initial Enrollment
- Changes to your contribution amount (including contribution suspensions)
- Changes to your contribution fund allocation
- Exchanges between funds
- Withdrawals
- Loans.

You can use the automatic telephone response system or speak to a Vanguard Associate. You can also request some changes to your account by using Vanguard's website at www.Vanguard.com.

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Account Balance Exchanges. You may request account balance exchanges on a daily basis. Account balance exchange requests made by 2:00 p.m. (Idaho time) will become effective the end of the day requested. Requests received after 2:00 p.m. (Idaho time) will be delayed a day.

Investment Contribution Changes. You may change the fund allocation and/or amount of your Plan contributions, or suspend your contributions, every pay period. Fund allocation changes requested by 2:00 p.m. (Idaho time) on the Thursday before a payday will be effective with that payday.

Contribution amount or suspension changes requested on or before the fifteenth of the month will be effective the first paycheck of the following month. Changes requested after the fifteenth of the month will be effective the second paycheck of the following month.

You will not be allowed to make retroactive contributions to compensate for contributions not made during a suspension period, or any other period, when you are not contributing to the Plan.

Plan Withdrawals. You may make two partial withdrawals each Plan year. Withdrawal requests are processed by Vanguard as they are received.

Plan Loans. Loan requests are processed by Vanguard as they are received.

Non-Alienation of Benefits and Qualified Domestic Relations Orders

The Plan specifically prohibits alienation or assignment, pledging or other similar use of any benefits, except that the Plan must obey Qualified Domestic Relations Orders (“QDROs”) issued by a court requiring benefit payments to a spouse, former spouse, child or other dependents. These court orders must comply with the requirements of the IRC and be approved by the Plan Administrator before any payments are made.

Plan Expenses

Brokerage commissions and related expenses are payable out of the assets of the investment fund to which they relate unless stated otherwise. The Plan also provides that all other plan operation and administration expenses, including the compensation of the Plan Trustee, investment managers, and administrative service providers, may be paid out of the assets of the Plan.

Top-Heavy Provisions

A retirement plan that primarily benefits certain owners or officers of the employer is called a top-heavy plan. A plan is considered top heavy when more than 60% of the Plan’s assets benefit those employees.

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The Plan is not top heavy at this time. If it were to become top heavy in any Plan year, all other employees would be entitled to certain minimum benefits, and other special plan provisions could apply. Should the Plan become top heavy, the Plan Administrator will notify you of your rights.

Tax Treatment to the Company

The Company intends to operate the Plan so that it will qualify under Section 401(a) of the IRC. Accordingly, before-tax contributions and Company contributions will be deductible by the Company for income tax purposes and the earnings of the Trust that holds the Plan assets will not be taxable to the Trust or the Company.